

Message Text

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ACTION SEC-03

INFO OCT-01 EUR-25 ADP-00 EB-11 L-03 JUSE-00 CIAE-00

INR-10 NSAE-00 RSC-01 SCS-03 RSR-01 /058 W

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R 311732Z JUL 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3032

INFO TREASURY DEPT WASHDC

C O N F I D E N T I A L LONDON 08818

DEPARTMENT ALSO PASS SEC FOR IRV POLLACK AND SPORKIN FROM
AMMERMAN

E.O. 11652: XGDS-1

TAGS: EFIN, UK

SUBJECT: IOS-VESCO LITIGATION

1. EDWARD DUCANN, CHAIRMAN OF KEYSER ULLMAN, AND VERY INFLUENTIAL CONSERVATIVE PARTY MEMBER OF PARLIAMENT, CALLED ON TREASURY REPRESENTATIVE AT EMBASSY FOR AN INFORMAL DISCUSSION. DUCANN SAID HE UNDERSTANDS THAT COURT RULING IN THE U.S. ON IOS LITIGATION MAY BE IMMINENT. DUCANN SAID THAT IN CONNECTION WITH ILI PAYMENT, TIME IS ALSO GROWING SHORT. DUCANN WOULD BE HAPPY TO PAY THE 1.7 MILLION POUNDS PLUS INTEREST INTO SOME FORM OF ESCROW ACCOUNT OR TO A RECEIVER IF THIS CAN BE DONE LEGALLY. HE IS ANXIOUS TO COOPERATE WITH U.S. AND SEC, BUT ALSO HAS CONTRACTUAL OBLIGATIONS IN THE UK TO VALUE CAPITAL. HE WANTS TO CLEAR UP THE MATTER, I.E., MAKE PAYMENT TO SOMEONE.

2. HIS OWN LAWYERS ARE TELLING HIM THAT THE PAYMENT MUST BE MADE VERY SHORTLY. DUCANN WILL NOT PERMIT HIMSELF TO GET INTO A SITUATION WHEREBY VALUE CAPITAL BRINGS SUIT AGAINST HIM AND KEYSER ULLMAN FOR THE PAYMENT. UNLESS THERE IS A GOOD LEGAL REASON THAT WILL STAND UP IN BRITISH COURTS, HIS LAWYERS APPEAR TO BE TAKING THE
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POSITION THAT HE SHOULD MAKE PAYMENT TO VALUE CAPITAL,

OR MORE PROBABLY TO A BANK NOMINATED BY VALUE CAPITAL.
ACTUAL PAYMENT WILL PROBABLY BE MADE TO A BANK OUTSIDE
THE U.K.

3. DUCANN ASKED IF THERE WERE ANY GUIDANCE THAT THE
U.S. OR SEC MIGHT WISH TO GIVE TO HIM OR ANY LEGAL
REASONS THAT MIGHT BE VALID IN THE U.K. THAT WOULD PER-
MIT ADDITIONAL DELAY. OTHERWISE, HE BELIEVES THE
SITUATION WILL BE SUCH THAT PAYMENT WILL BE MADE TO
VALUE CAPITAL WITHIN THE VERY NEAR FUTURE. IF THE SEC
HAS ANY VIEWS ON THIS POINT, HE WOULD LIKE TO HAVE THEM
BY THIS THURSDAY, AUGUST 2 OR FRIDAY MORNING, AUGUST 3,
AT THE LATEST. PLEASE ADVISE.

SOHM

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